

Message Text

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ACTION SS-25

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FM USMISSION IAEA VIENNA

TO SECSTATE WASHDC IMMEDIATE 6442

INFO AMEMBASSY TEHRAN

AMEMBASSY PARIS

AMEMBASSY BONN IMMEDIATE

S E C R E T SECTION 1 OF 2 IAEA VIENNA 8210

EXDIS

BONN FOR SEAMANS AND SIEVERING

E.O. 11652: GDS

TAGS: IAEA TECH IR PARM

SUBJECT: US-IRAN NUCLEAR COOPERATION

1. SUMMARY: IN CONVERSATIONS WITH DR. SEAMANS, SIEVERING AND KRATZER AS WELL AS U.S. INDUSTRY REPS IN VIENNA, ETEMAD INDICATED IRAN WILL NOT RPT NOT ACCEPT LAST U.S. DRAFT AGREEMENT FOR NUCLEAR COOPERATION. PRINCIPAL ISSUES ARE REPROCESSING, WITH IRAN INSISTING ON FINAL DECISION OVER REPROCESSING OF U.S. FUEL IN IRAN, AND ENRICHMENT, WITH IRAN ATTACHING GREAT IMPORTANCE TO RIGHT TO RECEIVE ALL ENRICHED URANIUM IN WHICH IT ENTITLED THROUGH INVESTMENT IN UEA. ETEMAD REQUESTED THAT U.S. REVIEW ITS POSITIONS ON THESE ISSUES IN LIGHT OF THIS RESPONSE. END SUMMARY.

2. U.S. DEL CHAIRMAN DR. SEAMANS HELD DISCUSSION WITH DR. ETEMAD, CHAIRMAN OF IRANIAN ATOMIC ENERGY ORGANIZATION ON U.S. - IRAN NUCLEAR COOPERATION. DR. SEAMAN'S DISCUSSION WAS FOLLOWED BY MORE DETAILED TALKS WITH ETEMAD BY SIEVERING AND KRATZER. ETEMAD INFORMED DR. SEAMANS THAT,

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WHILE SPECIFIC ISSUES REMAINING IN NEGOTIATION

OF AGREEMENT FOR COOPERATION WERE RELATIVELY NARROW, IRAN FOUND PRESENT U.S. APPROACH UNACCEPTABLE IN RELATION TO "OVERALL CONTEXT" OF PRESENT TRENDS IN INTERNATIONAL NUCLEAR COOPERATION. IN EXPLAINING THIS VIEW, ETEMAD EXPRESSED CONCERN THAT CONDITIONS FOR TRANSFER OF NUCLEAR ASSISTANCE AND TECHNOLOGY SEEMED TO BE BECOMING CONTINUALLY MORE RESTRICTIVE AND THAT UNDER THESE CIRCUMSTANCES IRAN COULD NOT TIE ITS OWN HANDS FOR 30 YEARS INTO FUTURE BY RELIANCE ON U.S. HE FELT THAT U.S. HAD DEPARTED FROM NPT AS BASIS OF NUCLEAR COOPERATION, AND THAT IF WE NO LONGER REGARDED NPT, OF WHICH WE WERE PRINCIPAL PROPONENTS, AND ITS SAFEGUARDS AS ADEQUATE BASIS TO COVER COOPERATION IN ALL ASPECTS OF NUCLEAR ENERGY, WE SHOULD PROPOSE SOMETHING NEW. ETEMAD ALSO CONTENDED THAT NEGOTIATIONS WITH OTHER SUPPLIERS WERE GOING SMOOTHLY. GIVEN THESE FACTORS, HE CONCLUDED, IRAN MIGHT SIMPLY LEAVE U.S. PORTION OF ITS NUCLEAR PROGRAM UNDECIDED FOR TIME BEING, HOPING COOPERATIVE CONDITIONS MIGHT IMPROVE IN FUTURE. HE INDICATED MATTER OF NUCLEAR COOPERATION HAD BEEN REFERRED TO GOVERNMENT (PRESUMABLY MEANING THE SHAH) SEVERAL TIMES, AND THAT HE WAS EXPRESSING GOVERNMENT'S VIEWS.

3. U.S. DELS REVIEWED U.S. POSITION ON NUCLEAR COOPERATION, STRESSING 20-YEAR RECORD OF U.S. AS RELIABLE NUCLEAR SUPPLIER AND OUR CONTINUED STRONG INTEREST IN COOPERATION UNDER CONDITIONS WHICH PROVIDED ASSURANCE AGAINST PROLIFERATION. THEY EXPLAINED THAT PURPOSE OF U.S. APPROACH WAS TO RESTORE CONFIDENCE WHICH HAD BEEN SEVERELY SHAKEN BY INDIAN NUCLEAR EXPLOSION, THAT NUCLEAR COOPERATION COULD TAKE PLACE WITHOUT PROLIFERATION, AND THAT MEASURES WERE IN ON SENSE DIRECTED AGAINST IRAN. THEY ALSO INDICATED THAT WHILE U.S. CONTINUED TO GIVE STRONG SUPPORT TO NPT, WE HAD NEVER REGARDED IT AS ENTIRELY SUFFICIENT RESPONSE TO RISK OF PROLIFERATION. THEY SUGGESTED BEST WAY TO PROCEED

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WAS TO REVIEW SPECIFIC ISSUES RAISED BY U.S. DRAFT PROVIDED ETEMAD SOMETIME AGO, RATHER THAN IN FURTHER DISCUSSION OF GENERAL PRINCIPLES.

4. IN DISCUSSIONS WITH U.S. INDUSTRY REPS VISITING VIENNA, ETEMAD REPORTEDLY TOOK SIMILAR BUT MUCH MORE STRONGLY EXPRESSED POSITION. HE STATED THAT THERE WOULD BE NO

NUCLEAR BUSINESS WITH U.S. IN EITHER REACTOR OR ENRICHMENT FIELD UNLESS U.S. PREPARED TO BASE COOPERATION ONLY ON PRINCIPLES OF NPT, AND UNLESS IT WAS CLEAR THAT IRAN WAS NOT BEING TREATED AS SECOND CLASS CITIZEN IN COMPARISON WITH OTHER NPT PARTIES. HE SINGLED OUT U.S. INSISTENCE ON RETAINING STOCKPILE OF ENRICHED URANIUM TO WHICH IRAN WOULD BE INTITLED BY INVESTMENT IN UEA AS PARTICULARLY ONEROUS AND DENIGRATING, GIVEN FACT THAT SLIGHTLY ENRICHED URANIUM IS NOT WEAPONS GRADE MATERIAL. HE ALSO TOOK EXCEPTION TO U.S. ATTEMPT TO IMPOSE MULTINATIONAL PLANT CONCEPT ON IRAN, POINTING OUT THAT ONLY SITE FOR SUCH PLANT IN REGION WAS IRAN IN ANY CASE. ETEMAD WAS SPECIFIC IN THESE CONVERSATIONS THAT POSITION ON NUCLEAR COOPERATION WITH U.S. EMANATED DIRECTLY FROM SHAH, WHO WAS UNHAPPY WITH U.S. POSITION, AND INDICATED THAT AMBASSADOR HELMS MIGHT BE CALLED IN FOR DISCUSSION OF ISSUE.

5. IN FOLLOW-UP CONVERSATION WITH SIEVERING AND KRATZER, ETEMAD RETURNED ONCE AGAIN TO PHILOSOPHICAL DISCUSSION OF NUCLEAR COOPERATION, ADDING ON THIS OCCASION THE CONTENTION THAT U.S. POSITION OF APPARENT DISTRUST OF IRAN WAS INCONSISTENT WITH U.S. - IRAN MILITARY COOPERATION. IMPLICATION OF HIS REMARKS WAS THAT IF U.S. DOES NOT TRUST IRAN SUFFICIENTLY TO BE SATISFIED THAT IT WILL FULFILL ITS TREATY OBLIGATIONS IN NPT FIELD, IT IS IMPRUDENT FOR IRAN TO DEPEND ON U.S. FOR BULK OF ITS MILITARY NEEDS, MUCH AS IT WANTS TO DO SO. REMINDING ETEMAD THAT NEGOTIATING ISSUES HAD SEEMED TO BE RELATIVELY
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NARROW AT CONCLUSION OF LAST NEGOTIATIONS IN IRAN, U.S. REPS URGED ONCE AGAIN THAT DIFFERENCES BE DISCUSSED SPECIFIC TERMS, RELATED TO DRAFT AGREEMENT.

7. ETEMAD AGREED THAT HE COULD PROCEED IN THIS WAY AFTER PUTTING TWO QUESTIONS: FIRST QUESTION WAS WHETHER U.S. WOULD HAVE UNIFORM POLICY FOR COOPERATION WITH NPT PARTIES. SECOND WAS WHETHER, IF SO, WHAT DIFFERENCES WOULD OBTAIN BETWEEN SUCH ARRANGEMENTS AND THOSE WITH NON-NPT PARTIES. IN RESPONDING TO FIRST QUESTION, U.S. REPS REMINDED ETEMAD THAT HE HAD BEEN MADE AWARE FROM START THAT IRAN WAS IN SOMEWHAT UNFORTUNATE POSITION OF BEING FIRST IN WHAT WE HOPED WOULD BECOME NEW

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 W

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FM USMISSION IAEA VIENNA

TO SECSTATE WASHDC IMMEDIATE 6443

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STANDARD FOR NUCLEAR COOPERATION, AND THAT WE HAD MANY EARLIER AGREEMENTS WHICH COULD NOT BE UNILATERALLY AMENDED. SUBJECT TO THIS RESERVATION, U.S. REPS INDICATED THAT IN PRINCIPLE WE WERE WORKING TOWARD UNIFORM APPROACH IN FUTURE TO NUCLEAR COOPERATION WITH NPT PARTIES. THEY FURTHER INDICATED THAT COOPERATION WITH NON-NPT PARTIES WOULD BE MORE RESTRICTIVE, ESPECIALLY IN SENSITIVE FUEL CYCLE AREAS SUCH AS REPROCESSING, CITING EXAMPLE OF PROPOSED ISRAELI AND EGYPTIAN ARRANGEMENTS WHICH WOULD PRECLUDE REPROCESSING IN RECIPIENT COUNTRY.

8. ETEMAD FOLLOWED UP THESE QUESTIONS AND RESPONSES WITH SPECIFIC CONCERNS WITH U.S. POSITION AS REFLECTED IN LAST NEGOTIATING DRAFT. THESE FOLLOW:

9. SEPARATION OF MAIN AGREEMENT AND COLLATERAL NOTE. ETEMAD CONTINUES TO BE DISSATISFIED WITH U.S. APPROACH OF SEPARATING REPROCESSING UNDERSTANDING BETWEEN AGREEMENT PROPER AND COLLATERAL NOTE. IF COLLATERAL NOTE HAS SAME FORCE AND EFFECT AS AGREEMENT, AS WE SAY IT DOES, HE FAILS TO UNDERSTAND REASON FOR SEPARATION, AND EXPRESSED HOPE

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THAT WE WOULD NOT MAKE THIS EDITORIAL PREFERENCE AN ISSUE OF PRINCIPLE, SINCE IT WAS GREATLY COMPLICATING HIS EFFORTS TO GAIN FAVORABLE REACTION TO AGREEMENT. U.S. REPS RESPONDED THAT IT WAS OUR STRONG PREFERENCE TO HAVE SEPARATE DOCUMENTS SO AS TO FACILITATE APPROACH OF HAVING STANDARD AGREEMENT, WITH DIFFERENCES REFLECTING NPT STATUS, FOR EXAMPLE, ACCOMMODATED BY SEPARATE NOTES.

10. REPROCESSING. ETEMAD'S MAJOR CONCERN CONTINUES TO BE REPROCESSING. HE ACKNOWLEDGED THAT GAP REMAINING AFTER APRIL DISCUSSIONS IN TEHRAN WAS A SMALL ONE, BUT IMPLIED IT HAD BEEN WIDENED AS HE CONSIDERED MATTER FURTHER. WHILE HE IS STILL WILLING TO GIVE SUPPORT TO MULTI-NATIONAL CONCEPT, ETEMAD QUESTIONED VIABILITY OF CONCEPT, AND STRESSED THAT FINAL DECISION ON PROCESSING IN IRAN MUST REST WITH IRAN -- NOT U.S. IN RESPONSE U.S. REPS' QUESTIONS, HE STATED THAT PARTICIPATION IN ANY MULTILATERAL REPROCESSING ENTERPRISE MUST INVOLVE CAPITAL INVESTMENT, NOT TECHNOLOGY OR TECHNICAL ASSISTANCE ALONE, OR ELSE PARTNERS WOULD LACK SERIOUSNESS OF PURPOSE. HE GAVE NON-COMMITTAL RESPONSE TO INQUIRY AS TO WHETHER, IN ABSENCE OF INVOLVEMENT ON PART OF SUPPLIER OR U.S. INDUSTRY, IRAN COULD CONTEMPLATE A GOVERNMENT-TO-GOVERNMENT ARRANGEMENT WHICH WOULD PERMIT A U.S. GOVERNMENT PRESENCE IN ENTERPRISE. U.S. REPS STRESSED ONCE AGAIN THAT REPROCESSING, UNLIKE AVAILABILITY OF FUEL AND REACTOR THEMSELVES, IS NOT AN ESSENTIAL ELEMENT IN GENERATION OF NUCLEAR POWER, AND THAT IT MAY, INDEED, NOT BE AN AFFIRMATIVE ECONOMIC FACTOR. ETEMAD REMAINED UNCONVINCED BY THESE ARGUMENTS, IN GENERAL, IT SEEMED CLEAR THAT ETEMAD'S POSITION, PARTICULARLY AS IT RELATES TO IRANIAN READINESS TO FACILITATE MULTINATIONAL (OR U.S.) INVOLVEMENT IN A REPROCESSING VENTURE IN IRAN HAS SHIFTED

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SOMEWHAT, BUT THAT A TEXT (NONE WAS DISCUSSED)

NOT TOO DIFFERENT FROM THAT OF LAST DRAFT
MIGHT BE ACCEPTABLE PROVIDED U.S. PREPARED TO
ASSENT, IF MULTINATIONAL ARRANGEMENTS PROVES
INFEASIBLE, TO IRANIAN NATIONAL REPROCESSING.

11. ENRICHMENT. ETEMAD CONFIRMED REPORTS
FROM INDUSTRY SOURCES BY INSISTING STRONGLY THAT
IRAN SHOULD HAVE POSSESSION OF ALL ENRICHED
URANIUM TO WHICH IT ENTITLED BY REASON OF
INVESTMENT IN UEA, SINCE U.S. RETENTION OF
POSSESSION LEFT OPEN POSSIBILITY
THAT IRAN COULD NOT BENEFIT FROM MATERIAL WHICH IT
IN EFFECT HAD PAID FOR. U.S. REPS POINTED OUT
THAT U.S. AGREEMENTS WITHOUT EXCEPTION LIMITED
DELIVERIES TO THAT REQUIRED FOR CONTINUOUS AND
EFFICIENT DELIVERY OF REACTORS. THUS, IRANIAN
AGREEMENT IS NO EXCEPTION. THEY INDICATED
POSSIBLE SOLUTION WAS COMPLETE SEPARATION OF
ISSUE OF DELIVERY OF UEA SURPLUS, AND SUPPLY
OF FUEL FOR REACTORS, LEAVING FORMER ISSUE TO
SEPARATE AGREEMENT. ETEMAD MADE NO DIRECT
RESPONSE TO THIS SUGGESTION, BUT INDICATED THAT
HE SAW ENTIRE COOPERATION, BOTH IN REACTORS AND
ENRICHMENT, AS PACKAGE WHICH COULD NOT BE
SEPARATED.

12. PHYSICAL SECURITY. ETEMAD ALSO ADDED
THAT THERE WAS SOME PROBLEM OF WORDING BUT
APPARENTLY NOT OF PRINCIPLE, IN PHYSICAL SECURITY
PROVISION OF DRAFT AGREEMENT.

13. DISCUSSION CONCLUDED WITH U.S. REPS ASSURING
ETEMAD OF U.S. DESIRE TO CONTINUE DISCUSSIONS
WITH VIEW TOWARD FINDING MUTUALLY SATISFACTORY
SOLUTIONS. ETEMAD EXPRESSED SIMILAR DESIRE. HE
ALSO INDICATED THAT, WHILE HE MAY RESPOND
IN WRITING TO U.S. DRAFT, HE WAS SO BUSY THAT HE WAS
UNCERTAIN HE COULD DO SO, AND ASKED THAT THIS
CONVERSATION BE BASIS FOR U.S. REEXAMINATION OF
POSITION. HE ALSO DID NOT RULE OUT THAT THERE
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WOULD BE APPROACH TO U.S. EMBASSY IN TEHRAN. TAPE

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Message Attributes

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